Statement

Details of the Power Sector Reform Fund

As a part of measures to reform the power sector, the Committee recommended that State Government should consolidate the past liabilities and finance them through agreements for write-downs and future sector surpluses. However, going by the track record of State Governments, a mere statement of intent is unlikely to carry any weight from the other stakeholders, specifically existing creditors and prospective lenders. In order to enhance the credibility and mitigate the risk of policy reversals it is necessary to ring-fence both the liabilities and the inflows earmarked for the sector restructuring. In order to do this, the State Government should establish a Power Sector Reform Fund (PSRF). All existing liabilities of the sector should be transferred to the PSRF. The responsibility for servicing these liabilities, however, remains with the State Government and as noted later, these can be re-financed on better terms with Central Government support. Concomitantly, existing receivables (the privatized utility can be contracted to recover them the on an incentive-sharing basis), privatisation proceeds, and grants from the Government of India and other donor agencies should be transferred to the PSRF to defray these liabilities. In addition, it would receive a portion of the surplus from future operations as revenues, say, in the form of a PSRF surcharge, The PSRF would be drawn upon in a pre-specified order of priority to meet the State Government's obligations in discharging its liabilities.

Meeting of the Officials of the Ministry of Power

1614. SHRI SURESH KALMADI: Will the Minister of POWER be pleased to state:

(a) the details of the issues discussed at the meeting of the top officials of the Ministry of Power held on 8th November,2002.

(b) the steps being proposed to be taken by Government to implement the decisions arrived in the said meeting; and

(c) the expected impact on the power generation costs individual consumers and industries?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) to (c) Section 13 (e) of the Electricity Regulatory Commission Act, 1998 envisages the formulation of a tariff policy by the Central Government on the aid and advice of the Central Electricity Regulatory Commission (CERC).

A Group was constituted under the Chairmanship of Special Secretary (Power) to prepare a concept paper on tariff policy. The Group submitted its report in May,2002.

Since tariff policy is of vital importance for the smooth development of the power sector, it has been considered necessary to have consultations with stakeholders and experts on the report of the working group and to finalise the draft tariff policy thereafter. In order to finalise the tariff policy after taking into account the comments and views of the various stakeholders and experts, a High Level Committee which includes Chairman, CEA and Managing Director of Credit Rating Information Services of India Ltd. (CRISIL) under the Chairmanship of Secretary (Power) was constituted on 7th June, 2002. In its meeting held on 8.11.2002 the Committee discussed the issues relating to generation, transmission and distribution and felt the need for further in depth discussions with various stakeholders before finalizing the draft tariff policy.

NTPC efforts to revive the DPC

1615. SHRI PRITHVIRAJ CHAVAN: Will the Minister of POWER be pleased to state:

(a) whether Government have asked the NTPC to revive and operate the Enron Sponsored Dabhol Power Company's power plant;

(b) whether a joint team consisting of NTPC, IDBI, Central Electricity Authority, MSEB and the equipment manufacturers were asked to visit the site in the last week of October to inspect the feasibility of reviving the project, its likely cost and the anticipated time frame; and

(c) if so, whether the team has submitted its report and what are its findings?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) Indian Financial Institutions having stakes in the Dabhol Power Project of M/s. Dabhol Power Company have